HOME Investment Partnerships Program

2015

City of Tucson
Procedural Manual

HOME INVESTMENT PARTNERSHIPS PROGRAM **(HOME)**

The HOME program was created under Title 11 (the Home Investment Partnerships Act) of the Cranston-Gonzales National Affordable Housing Act of 1990. This program represented a historic affirmation of the Federal Government's commitment to providing decent, safe, and affordable housing for all Americans and to alleviating the problems of excessive rent burdens, homelessness, and deteriorating housing stock nationwide.

Top Priority for State of Arizona LIHTC Awardees

In order to support those eligible projects that produce the most benefit for the Tucson community – aside from the production and/or retention of affordable housing units, representing the significant cash investment and the ancillary addition of job opportunities – the 'highest priority' will be assigned to those successful LIHTC projects during each HOME fiscal year.

Eligible HOME activities

- **include:**
- Homeowner
- Rehabilitation
- First Time
- Homebuyer

Tenant Based Rental Assistance

Rental Production (New Construction/Rehabilitation/Re-Purpose)

Further, HOME funds are set aside for use by CHDOs (Community Housing Development Organization). CHDOs are nonprofit organizations certified as meeting the federal criteria to undertake certain housing development activities. Those activities include acquisition and/or rehabilitation of rental housing and homebuyer properties or to construct rental or homebuyer properties. CHDOs must act as Owner, Developer or Sponsor. Additional guidance on the use of CHDOs is provided in HUD CPD Notice 97-11, CPD Notice 97-09, and CPD Notice 96-09. The Code of Federal Regulations contains regulatory guidance on CHDOs at 24 CFR §§ 92.2 and 92.300-303. (See additional information on CHDOs on Page 12).

Affordability Periods for HOME Activities

Investment of HOME funds into a homeownership project requires an affordability period be attached to that home. The affordability period represents the minimum length of time a homeowner must reside in the property as his/her primary residence. The affordability period begins after project completion. The periods are based on the amount of HOME funds provided for the property. When the homebuyer sells or fails to reside in the property as his/her primary residence during the affordability periods, repayment of a portion of the HOME subsidy is required.

Homeownership Assistance Activities HOME amount per-unit	Minimum period of affordability
Under $15,000	5 years
$15,000 to $40,000	10 years
> $40,000	15 years

Production, rehabilitation or acquisition of rental housing also requires an affordability period to ensure that the housing remain affordable for low to moderate income people. The affordability periods represent the minimum length of time (beginning upon project completion) a recipient of HOME assistance must be in compliance with HOME rules and regulations regarding maximum HOME rent limits, tenant income, and other applicable requirements. The periods are based on the amount of HOME funds provided for the property. When the recipient fails to comply with the HOME regulations during the designated affordability period, repayment of the HOME subsidy is required.

Activity	HOME Subsidy	Unit Must Remain Affordable for at Least
Rehabilitation or Acquisition of existing housing	Less than $15,000/unit	5 years
	$15,000-$40,000/unit	10 years
	> $40,000/unit	15 years
Rehabilitation with refinancing	Any amount	15 years
New Construction or Acquisition of New Housing	Any amount	20 years

Minimum/Maximum Investment Amounts

Minimum HOME investment: The minimum amount of HOME funds is an average of $1,000 multiplied by the number of HOME-assisted units in a project. The minimum only applies to the HOME funds in a project, and does not include any other funds.

Maximum HOME investment: The maximum per-unit HOME subsidy varies and is determined by HUD based upon Section 221(d)(3) program limits for the metropolitan area each year.

It is important to note that HOME funds are intended to serve as true ‘gap’ funding, that is to reasonably fill the gap created as a result of primary financing and equity funds falling short of the total construction costs needed to complete a project. In most cases, it is desirable to cap gap funding at 2% of the total project costs. This cap may be exceeded in special circumstances, as determined by the Director.

HOME Subsidy Layering Policy

Applicants seeking to combine HOME funds from City/County Consortium with other governmental funds for a project must undergo a subsidy layering review to demonstrate that the project will not use more HOME funding than necessary to provide affordable housing. Subsidy layering reviews are available from the following three sources:

1) Evaluation produced by HUD when the other source of funding is provided by HUD, and HUD conducts a subsidy layering review;
2) Evaluation produced by state tax credit agencies when the Low Income Housing Tax Credit is used, and the state agency conducts an evaluation to determine whether there are excess tax subsidies;
3) Evaluation produced by the City of Tucson Housing and Community Development Division in accordance with the guidelines presented in HUD Notice CPD-98-01 and as described below:

HOME Subsidy Layering Guidelines

Based on the certification contained in the annual submission of the consolidated plan and the subsidy layering provisions of section 92.250 (b) of the HOME final rule, the City of Tucson's Planning and Community Development Division uses the guidelines it has adopted to document that when HOME funds are used in combination with funds from other sources, no more subsidy is invested than is necessary. The Division may rely upon the guidelines developed and/or evaluations conducted by other agencies when Low Income Housing Tax Credits (LIHTC) or other HUD program funding (conducted in accordance with section 102 (d) of the HUD Reform Act) are used.

Applicants seeking HOME funds are required to submit to the City of Tucson Planning and Community Development Division a HOME Investment Partnership 'Pre-Application' summarizing the key points of the proposed project. If it is determined that the specifics and community goals are consistent with the City's goals, the applicant(s) will be invited to submit the formal City of Tucson HOME Investment Partnership Application for consideration and eventual underwriting. The Application consists of the following:

1. The City of Tucson HOME application, which is available at: http://hcd.tucsonaz.gov/hcd/affordable-housing-opportunities

2. Commitment letters with all terms and conditions for the following:
   - Mortgages
   - Grants and/or other governmental assistance
   - Subordination agreements
   - Bridge (interim) loans

- Investment tax credits (historical, low-income, if applicable)

3. Copy of partnership agreement (if the applicant is a partnership), which indicates the cash contributions by the general partners and/or limited partners

Note: The proceeds from the sale of tax credits must be identified as a source of funding.

Documentation to verify the sources indicated in the Template including:

- Earnest money agreement, option or closing statement for land and/or buildings
- Construction cost estimate
- Construction contract or preliminary bids

Agreements governing the various reserves which are capitalized at closing (to verify that the reserves cannot be withdrawn later as fees or distributions)

- Appraisal (to substantiate the value of land and property after rehabilitation/ construction)
- If low-income housing tax credits are utilized, documentation on the syndication costs (legal, accounting, tax opinion, etc.) from the organization /individual who will syndicate and sell the offering to ensure that the project can support the fees necessary to syndicate/fund the project. All assumptions in the offering should be verified in the supporting documentation.

If the documentation is not adequate and does not support the costs as stated, the City will request additional documentation or a second opinion and/or reference from an appropriate source, such as another construction cost estimator, architect, or lawyer. When required documentation cannot be obtained, the City may deny HOME funding for the project.

Evaluation Criteria

Proposals will be reviewed scored on a competitive basis relative to the evaluation criteria below. The maximum possible score is 100 points.

A. **Serving Priority Population (10 points).** Applicant will receive up to 10 additional points if it serves one or more of the following groups: veterans, disabled, victims of domestic violence, special conditions or special needs groups as identified in the current Consolidated Plan.

B. **Smart Growth (15 points).** Applicant will receive up to 15 points for projects with the following range of 'smart growth' characteristics:

1. Proximity to Existing Development and Infrastructure:
   Walking distance to transit – <u>5 points max as noted below:</u>
   - Adjacent = 5 points
   - < 1/3 mile = 4 points
   - 1/3 – 1/2 mile = 3points

- < ½ mile to 1 mile = 2 points

2. Proximity to any of the following – <u>5 points max as noted below</u>:
   Grocery store/local markets, convenience retail/services, schools, daycare, recreation centers, employment center:
   - Adjacent = 5 points
   - < 1/3 mile = 4 points
   - 1/3 – 1/2 mile = 3points
   - < ½ mile to 1 mile = 2 points

3. Community Context and Site Design: <u>5 points max as noted below</u>:
   - Demonstrate use of existing styles, building types in neighborhood
   - Building reflects local historic elements, materials, style and/or design
   - Scale and mass of buildings relate to neighborhood structures
   - Continuation of existing neighborhood street pattern into new project
   - Create or enhance community spaces such as plazas, squares, community buildings and other common areas of the development

C. **Healthy Communities Elements (10 points).** Healthy living components are incorporated into the project which may include but are not limited to:

- Build, incorporate and/or maintain adequate sidewalks/paved paths
- Provide direct street connections - front doors with well-marked walk-ways, paths/paseos between rear-parking and street
- Locate parking facilities behind the building
- Facilitate connections to existing or planned parks/amenities/open space, including "complete streets" type design – with paths clearly-marked and maintained
- Facilitate choices in transportation modes - provide bike racks, bike lockers, bike path access and information, paths to bus stops, post bus information on-site
- Wellness clinic/classes or mobile clinic on site or adjacent
- Healthy food choices available within ½ (or ¼) to a mile of the site (fresh food markets/grocery stores)
- Recreational facilities or activities available on site or adjacent
- Discounts for health club memberships
- Community garden(s) on site or within ¼ mile
- a 'Desktop' Health Impact Assessment (HIA) completed

D. **Impact on Designated City/County Target Areas (10 points).** The project is located within one of the City's Community Development Target Areas or within Pima County's NSP2 or CDBG Target Areas (including Colonias Communities).

E. **Leveraging of Funds (20 points).** Applicant will be awarded points based upon the ratio of County funds requested and previously committed compared with other funding included in the total project budget. Points will be awarded as follows:

a. 20 points = 50% or more of the project is leveraged
b. 15 points = 40-49% of the project is leveraged

c. 10 points = 20-39% of the project is leveraged
d. 5 points = 10-19% of the project is leveraged
e. 0 points = Less than 10% of the project is leveraged

F. **USGBC LEED Certified Project (10 points).** Ten points will be awarded for any level of certification. *An alternate independent third party rating system may be proposed which will be reviewed and approved at sole discretion of City or County staff. An applicant may also propose to follow the green building standards provided by the Arizona Department of Housing's funding applications so long as a certified independent third party certifies compliance with the state's criteria.

Will green building techniques be utilized (Regional Green Building Rating System, Energy Star, LEED or Net Zero Certification)? Will it be a high energy efficient performing home? Does the design of the structure embrace elements from the surrounding environment, both built and natural?

G. **Innovative Partnerships (10 points).** Partnerships such as non-profit/for profit; 2 or more non-profits; government/private entity; or multiple government entities. In all cases partnerships must be approved, in writing, by the respective governing boards/bodies of the partnering entities.

H. **Use of Local Contractors/Sub-Contractors (5 points).** When general contractor and all subcontractors used for the project are based in Tucson and/or Pima County, 5 points will be awarded. Partial points may be awarded if general contractor or subcontractors are based in Pima County.

I. **Acquisition/Rehabilitation Projects (5 points).** Five points will be awarded for acquisition and rehabilitation of existing single family or multi-family housing.

J. **Mixed Use Development (5 points).** Five points will be awarded for a mixed use development (commercial/retail and residential).

All points will be awarded on a full point basis. If information is not contained in application or not sufficient, points will not be awarded. <u>Projects must score a minimum of 70 points to be</u> <u>eligible for funding.</u> The number of awards will be determined by the number of qualifying Proposers and the amounts requested by each. Award amounts may not be equal to the full amount requested in the proposal.

Review of Project Budget: The project development budget, as presented in the Template, will be evaluated to determine if development costs are necessary and reasonable. The review will ensure that the costs being funded by the HOME Program are eligible costs and the HOME funds per unit do not exceed the maximum per-unit subsidy limits.

Reasonable costs are defined in OMB Circular A-87 as follows: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Federal regulations require that projects involving land acquisition be supported by an appraisal documenting the current land value. Any upward deviation from the appraised value necessitates written justification explaining how the cost meets the “necessary and reasonable” test in OMB Circular A-87.

Rate of Return on Equity: The project Template information will be reviewed to determine the reasonableness of the rate of return on equity investment and/or to determine whether the cash flow projections are reasonable paying particular attention to current economic conditions.

Market Study: The Proposal should contain documentation that demonstrates a need for the development in the community. The developer should provide evidence that the market has been evaluated and it is determined that sufficient demand exists to support the proposed number of units.

Overall Evaluation: If the City determines that the total amount of HOME assistance and other governmental assistance exceeds the amount that the City determines is necessary to make the project feasible due to the unreasonableness of the costs and/or the projected rate of return, the City can consider several options:

1) Reduce the amount of HOME assistance through reducing the development budget accordingly or increasing the non-public funding of the project;
2) Make other adjustments to the project, such as lowering the rents to be charged, reduce the term of the loan in order to lower the rate of return; or
3) Deny HOME assistance if the applicant refuses to make reasonable adjustments or to limit its return/costs.

The Key Evaluation Points referenced above pertain to single-family rental housing of 1 to 4 units as well as multi-family rental housing. However, if the rental project is owner-occupied and the owner’s unit is being rehabilitated with Federal funds, the rental income and rehabilitation expenses applicable to the owner’s unit must be excluded from the pro-forma evaluations.

Rent and Occupancy Requirements

HOME distinguishes between the units in a project that have been assisted with HOME funds and those that have not. A project may consist of a unit with various sizes and amenities, some of which may be HOME-assisted, while others are not. *HOME-assisted units* is a term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designed as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

Every HOME-assisted rental unit is subject to rent limits designed to help make rents affordable to low-income households. These maximum rents are referred to as “HOME rents.” HUD publishes the rent schedule each year based on changes in area income levels or market conditions.

For properties with both assisted and non-assisted units, there must be a designation of “fixed” or “floating” units. Fixed units are the specific units that are HOME-assisted that are designed at the time of project commitment. These units never change and are subject to HOME rents and occupancy standards. Floating units are units that are HOME-assisted, but may change over time. The total number of HOME-assisted units remains constant over time, and all floating units are subject to HOME rents and occupancy standards.

Income Eligibility Standards

The City of Tucson/Pima County uses the Adjusted Gross Income method of calculating annual income for HOME program participants. Projects receiving HOME funds must follow this method in the determination of participant eligibility in HOME-assisted housing units. Properties with multilayered financing such as Tax Credits will be allowed to use the Section 8 definition as prescribed by HUD.

Rental projects subsidized by the HOME Program must comply with the Program Funds Rule and the Project Rule, as established by the U.S. Department of Housing and Urban Development. The Program Funds Rule states that 90% of the total households assisted (HOME subsidized units) must have incomes that do not exceed 60% of the Area Median Income (AMI). The Project Rule specifies the occupancy of units in each rental project. In projects of 5 or more HOME-assisted units, at least 20% of the HOME assisted units must be occupied by families who have annual incomes that are 50% or less of the AMI (Low Home Rent Units). Projects with fewer than 5 HOME-assisted units do not have to restrict any units to Low HOME Rents or limit occupancy to tenants at 50% or below of the AMI.

HUD provides an online income calculation tool that project owners may use to determine income eligibility of tenants. It can be found at https://www.onecpd.info/incomecalculator/

Other HOME Requirements

Minimum Property Standards (Construction, Rehabilitation and Acquisition)

All HOME-assisted units must meet local codes and standards. In the absence of local codes, housing should conform to the model codes identified in the program rule at 24 CFR Part 92.251.

Minority and Women’s Business Enterprises

The requirements of Executive Orders 11625, 12432, 12138 and 24 CFR 85.36(e) applies to grants under this part. Consistent with HUD’s responsibilities under these Orders, the Applicant must make efforts to encourage the use of minority and women’s business enterprises in connection with funded activities.

Section 3

Section 3 of the Housing Development Act of 1968 will apply as amended (12 U.S.C. 1701U), relative to the hiring and training of low-and moderate-income persons and the use of local Section 3 certified businesses. The purpose of Section 3 is to ensure that the employment and other economic opportunities generated as a result of U.S. HUD assistance or by a U.S. HUD- assisted project covered by Section 3, shall to the greatest extent feasible, be directed to low-and very-low income persons, particularly persons who are recipients of U.S. HUD housing assistance.

Labor Standards

Construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds requires the payment of prevailing wages for the area to all laborers and mechanics employed in the development of any part of the housing. This also applies to homebuyer projects that do not include other project activities.

When HOME funds are only used to assist homebuyers to acquire single-family housing, and not for any other project costs, the wage provision applies to the construction of the housing if there is a written agreement with the owner or developer of the housing that HOME funds will be used to assist homebuyers to buy the housing units to be purchased with HOME assistance.

Contractors and subcontractors must comply with Federal laws and regulations regarding labor standards and the HUD Handbook 1344.1 (Federal Labor Standard Compliance in Housing and Community Development Programs) as applicable to the project.

The prevailing wage provisions do not apply to volunteers who receive no compensation and are not otherwise employed at any time in the construction work. The provisions also do not apply to members of a family providing labor in exchange for acquisition of property for homeownership or in lieu of, or as a supplement to, rent payments. For more information about labor standards, see 24 CFR 92.354.

Environmental Review

The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

Construction must NOT commence and funds will NOT be disbursed for a project until the environmental review has been completed. .

Flood Insurance

Under the Flood Disaster Protection Act of 1973 (U.S.C. 4001-5128) HOME funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

- The community in which the project is situated is participating in the National Flood Insurance Program (44 CFR Parts 57-59) or
- Flood Insurance is obtained as a condition of approval or commitment.

Accessibility

The Applicant must comply with the applicable provisions of the Americans with Disabilities Act (42 U.S.C. 12101-12213) and assist the City with complying with the implementing regulations at 28 CFR part 35. All new construction housing developments receiving HOME subsidies with 5 or more units must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. These units must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter. An additional 2% of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.

For more information on the accessibility requirements for federally assisted new construction and substantial alterations of existing federally assisted housing, refer to Section 504: Disability Rights in HUD Programs.

Affirmative Marketing Guidelines

Rental and homebuyer projects containing five or more HOME-assisted units are required to comply with affirmative marketing procedures. Owners of projects must inform and solicit applications from persons in the housing market areas who are least likely to apply for the housing without the benefit of special outreach.

Applicants must include a description of how the project plans to inform the public, owners, and potential tenants about their affirmative marketing policy and the Federal fair housing laws and a statement of procedures used by owners to inform and solicit applications from persons in the housing market areas who are least likely to apply for the housing without special outreach.

Lead-Based Paint Evaluation Procedures

The U.S. Department of Housing and Urban Development (HUD) implemented a regulation to protect young children from lead-based paint hazards in housing that is financially assisted by the federal government or being sold by the government. The "Lead Safe Housing Rule" (Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance), was published in the Federal Register on September 15, 1999.

The regulation sets hazard reduction requirements that give greater emphasis than previous regulations to reducing lead in house dust. This regulation requires dust testing after paint is disturbed to make sure the home is lead-safe.

Specific requirements depend on whether the housing is being disposed of or assisted by the federal government, and also on the type and amount of financial assistance, the age of the structure, and whether the dwelling is rental or owner-occupied. For additional information visit the HUD website at www.hud.gov/lead/training/index.cfm

The Will County CD Division continues its alliance with the Will County Center for Community Concerns through a formal Letter of Agreement. The Agreement sets forth the Lead-Based Paint Inspection Protocol, which assures the prospective tenant or home buyer that the home is lead- based paint free or has been stabilized. The following lead based paint protocol is followed by inspectors to ensure no housing units are occupied containing lead-based paint hazards:

- Lead Visual Assessment Training. The inspector visits HUD's lead website www.hud.gov/lead and reviews all visual lead information. All inspectors have also successfully completed the state's required 3rd party examination and are licensed inspectors/risk assessors.

Uniform Relocation Act

The Uniform Act, passed by Congress in 1970, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displacement of persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The Applicant agrees to adhere to 49 CFR Part 24 for HUD funded programs and projects.

Conflict of Interest Provisions

Applicants must guarantee that no member of, or Delegate to, the Congress of the United States shall be admitted to any share or part of a contract or to any benefit to arise from the same. Additionally, the Applicant must agree that no members of the governing body of the locality in which the Project Sponsor is situated, no other public official of such locality or localities, and no person, unless expressly permitted by HUD, who is an employee, agent, consultant, officer, or elected or appointed official of the Applicant, and who exercises or has exercised any functions or responsibilities with respect to HOME-assisted activities, or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, o with respect to the proceeds there under, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one (1) year thereafter.

The Applicant agrees that the codes of conduct provisions in 24 CFR § 84.42 shall apply to the procurement of supplies, equipment, construction and services. In all cases not governed by 24 CFR § 84.42, the provisions of 24 CFR § 92.356 shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the Applicant or assistants of the Applicant to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g. rehabilitation, preservation, and other improvements of private properties or facilities pursuant to 24 CFR 92).

The Applicant represents that it presently has no interest, and shall not acquire such interest, financial or otherwise, direct or indirect, nor engage in any business transaction or professional activity or incur any obligation of any nature which would conflict in any manner with the performance of scope of service required hereunder.

Without receiving prior written authorization by the City, the Applicant shall not (i) retain any individual or company with whom the Applicant or any individual member thereof has a financial or other conflict of interest; nor (ii) in fulfillment of this Agreement, do business with a for-profit entity in which the Applicant or any individual member has a financial or other interest therein.

The Applicant warrants to the City that no gifts or gratuities have been or will be given to any City employee or agent, either directly or indirectly to obtain this Agreement.

SET ASIDES

Through HOME the federal government invests in local nonprofit housing groups by requiring that each jurisdiction reserve at least 15 percent of its total HOME allocation to fund housing that will be owned, developed, or sponsored by entities designated as Community Housing Development Organizations (CHDOs).

Community Housing Development Organizations (CHDOs)

CHDOs, which are not-for-profit organizations that are rooted in and accountable to the neighborhoods they serve, embody the idea of community-led revitalization that HOME and other US Housing and Urban Development (HUD) programs are designed to promote.

CHDO Requirements

A CHDO is a specific type of private nonprofit entity. CHDOs must meet certain requirements pertaining to their legal status; organizational structure; and capacity and experience. HUD Notice CPD 97-11, located at http://www.hud.gov/offices/cpd/lawsregs/notices/1997/97-11.pdf, details these requirements as does 24 CFR Part 92. An overview of these requirements is provided below.

Legal Status: The 501 (c) nonprofit must be organized under state/local law, must identify decent affordable housing as a purpose of its existence, there must be no individual benefit from earnings, and it must have a clearly defined service area.

Organizational Structure: At least one-third of its board of directors must be low-income residents, reside in a low-income area, or serve as an elected representative of the low-income community and no more than one-third may be public officials or employees of Will County.

The CHDO must additionally provide a formal process for input from the low-income community.

Capacity and Experience: The CHDO must demonstrate that it has at least one year of experience serving the community where it intends to develop the housing and that its staff has the capacity to carry out the proposed activities. The CHDO must also have financial accountability standards that conform to 24 CFR § 84.21, “Standards for Financial Management Systems.”

CHDO Role

CHDO set-aside funds may be used by CHDOs for those HOME activities where the CHDO acts as the owner, developer, and/or sponsor of the housing. Each role is described below.

Owner: The CHDO is an "owner" when it holds valid legal title to or has a long-term 99-year minimum) leasehold interest in a rental property. The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities. Example: A CHDO owns a property and contracts with another entity (for-profit or nonprofit) to act as a developer, and to construct new buildings or rehabilitate existing building(s). After completion of the development, the CHDO will maintain ownership of the property.

While the CHDO may be solely the owner, with another entity acting as a developer, it may also be the owner and developer of its own project. The CHDO may own a property in partnership with either a majority or minority interest. However, the CHDO, in partnership with a wholly owned for-profit or nonprofit subsidiary, must be the managing general partner with effective control (in decision-making authority) of the project.

Developer: A CHDO is a "developer" when it (1) either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project; and (2) performs all the functions typically expected of for-profit developers, and assumes all the risks and rewards associated with being the project developer.

Sponsor: A CHDO is a "sponsor" for HOME-assisted rental or homebuyer housing according to the circumstances outlined below. In either case, the CHDO must always own the property prior to the development phase of the project.

For rental housing: The CHDO develops a project that it solely or partially owns and agrees to convey ownership to a second nonprofit organization at a predetermined time. The conveyance may take place prior to, during or upon completion of the development phase. The other nonprofit will assume from the CHDO at a specified time all HOME obligations (including repayment of loans and tenant and rent requirements) for the project. If the property is not transferred to the nonprofit organization, the CHDO sponsor will remain liable for the HOME obligations. The other nonprofit organization must be financially and legally separate from the CHDO sponsor.

For home buyer's program : The CHDO owns a property, then shifts responsibility for the project to another nonprofit at some specified time in the development process. The second nonprofit in turn transfers title, along with the HOME loan/grant obligations and resale requirements, to a HOME-qualified homebuyer within a specified timeframe.
Applicants should stipulate in their request for funding their desire to either retain or return CHDO proceeds, however, the decision will ultimately lie with the City. If the CHDO desires to retain project proceeds, the proposal should specifically stipulate how the funds will be used.

Reporting Results

HUD reports program outcomes at a national level. The purpose for this reporting is to demonstrate program results to policy makers and the public, to allow HUD and the grantees to capture program accomplishments, to help enhance program capacity and results, and to build public support for the funded programs. Because the group of grantees and their activities are so diverse, data must be reported consistently so that it can be nationally aggregated. HUD requires each activity funded by HOME to report on standard objectives and outcomes. HOME project results will be most often reported in terms of the number of households assisted with improved access to decent, affordable housing. CHDOs will be responsible for reporting all required information to the City prior to the closeout of any activity.